

**Introduced by Senator Calderon**

February 19, 2010

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An act to amend Section 1063.75 of the Insurance Code, relating to insurance.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1242, as introduced, Calderon. Insurance: Guarantee Association.

Existing law establishes the California Insurance Guarantee Association (CIGA) to provide coverage against losses arising from the failure of an insolvent property, casualty, or workers' compensation insurer to discharge its obligations under its insurance policies. Existing law gives CIGA the ability to request the issuance of bonds by the California Infrastructure and Economic Development Bank to more expeditiously and effectively provide for the payment of covered claims arising from the insolvencies of insurance companies providing workers' compensation insurance. Existing law requires that any bonds that provide funds for covered claim obligations for workers' compensation claims be issued, as specified, prior to January 1, 2011.

This bill would extend the date for those bonds to be issued to January 1, 2013.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1063.75 of the Insurance Code is
- 2 amended to read:
- 3 1063.75. Any bonds issued to provide funds for covered claim
- 4 obligations for workers' compensation claims shall be issued prior

1 to January 1, ~~2011~~, 2013, in an aggregate principal amount  
2 outstanding at any one time not to exceed \$1.5 billion, and any  
3 bonds issued or issued to refund bonds shall not have a final  
4 maturity exceeding 20 years from the date of issuance. The bonds  
5 shall be issued at the request of CIGA, shall be in the form, shall  
6 bear the date or dates, and shall mature at the time or times as the  
7 indenture authorized by the request may provide. The bonds may  
8 be issued in one or more series, as serial bonds or as term bonds,  
9 or as a combination thereof, and, notwithstanding any other  
10 provision of law, the amount of principal of, or interest on, bonds  
11 maturing at each date of maturity need not be equal. The bonds  
12 shall bear interest at the rate or rates, variable or fixed or a  
13 combination thereof, be in the denominations, be in the form, either  
14 coupon or registered, carry the registration privileges, be executed  
15 in the manner, be payable in the medium of payment at the place  
16 or places within or without the state, be subject to the terms of  
17 redemption, contain the terms and conditions, and be secured by  
18 the covenants as the indenture may provide. The indenture may  
19 provide for the proceeds of the bonds and funds securing the bonds  
20 to be invested in any securities and investments, including  
21 investment agreements, as specified therein. CIGA may enter into  
22 or authorize any ancillary obligations or derivative agreements as  
23 it determines necessary or desirable to manage interest rate risk  
24 or security features related to the bonds. The bonds shall be sold  
25 at public or private sale by the Treasurer at, above, or below the  
26 principal amount thereof, on the terms and conditions and for the  
27 consideration in the medium of payment that the Treasurer shall  
28 determine prior to the sale.